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EXAMINER

PARISI, J

ART UNIT

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2166

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Please find below and/or attached an Office communication concerning this application or proceeding.

Commissioner of Patents and Trademarks

Office Action Summary

Application No.

09/058,840

Applicant(s)

WALKER ET AL.

Examiner

Joe Parisi

Art Unit

2166

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136 (a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).

Status

- 1) ☒ Responsive to communication(s) filed on 20 September 2000.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 122-160 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 122-160 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claims _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☒ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are objected to by the Examiner.
- 11) ☐ The proposed drawing correction filed on _____ is: a) ☐ approved b) ☐ disapproved.
- 12) ☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. § 119

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d).
- a) ☐ All b) ☐ Some * c) ☐ None of the CERTIFIED copies of the priority documents have been:
1. ☐ received.
 2. ☐ received in Application No. (Series Code / Serial Number) _____.
 3. ☐ received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

- 14) ☒ Acknowledgement is made of a claim for domestic priority under 35 U.S.C. & 119(e).

Attachment(s)

- 15) ☒ Notice of References Cited (PTO-892)
- 16) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 17) ☒ Information Disclosure Statement(s) (PTO-1449) Paper No(s) _____
- 18) ☐ Interview Summary (PTO-413) Paper No(s) _____
- 19) ☐ Notice of Informal Patent Application (PTO-152)
- 20) ☐ Other: _____

DETAILED ACTION

Status of Claims

1. Claim 97 is canceled as requested in correspondence dated January 21, 2000. The claims currently pending before this office are numbers 122-160, as added in applicant's preliminary amendment also dated January 21, 2000. Claims 122-160 are reviewed in this Office Action.

Specification

2. The title of the invention is not adequately descriptive. A new title is required that is clearly indicative of the invention to which the claims are directed. The title "Method and Apparatus for a Cryptographically Assisted Commercial Network System Designed to Facilitate Buyer-Driven Conditional Purchase Offers" is the title of U.S. Patent Number 5,794,207 granted to applicant previously. While the instant application specification discusses a cryptographic authentication embodiment, the application does not claim any cryptography to assist in the network system design.

Double Patenting

3. The nonstatutory double patenting rejection is based on a judicially created doctrine grounded in public policy (a policy reflected in the statute) so as to prevent the unjustified or improper timewise extension of the "right to exclude" granted by a patent and to prevent possible harassment by multiple assignees. See *In re Goodman*, 11 F.3d 1046, 29 USPQ2d 2010 (Fed. Cir. 1993); *In re Longi*, 759 F.2d 887, 225 USPQ 645 (Fed. Cir. 1985); *In re Van Ornum*, 686 F.2d 937, 214 USPQ 761 (CCPA 1982); *In re Vogel*, 422 F.2d 438, 164 USPQ 619 (CCPA 1970); and, *In re Thorington*, 418 F.2d 528, 163 USPQ 644 (CCPA 1969).

A timely filed terminal disclaimer in compliance with 37 CFR 1.321(c) may be used to overcome an actual or provisional rejection based on a nonstatutory double patenting ground provided the conflicting application or patent is shown to be commonly owned with this application. See 37 CFR 1.130(b).

Effective January 1, 1994, a registered attorney or agent of record may sign a terminal disclaimer. A terminal disclaimer signed by the assignee must fully comply with 37 CFR 3.73(b).

4. Claims 122-131 in the instant invention (i.e., the '840 application) are rejected under the judicially created doctrine of obviousness-type double patenting as being unpatentable over Claims 34, 37, 39, and 42 of U.S. Patent No. 5,794,207 (i.e., the '207 patent) and in view of the prior art shown in the attached copy of "ONSALE Brings Thrill of Auctions and Bargain Hunting Online; Unique Internet Retail Service Debuts with Week-Long Charity Auction for the Computer Museum in Boston," from *Business Wire*, May 24, 1995. Dialog File 810. Acc#0489267. Although the conflicting claims are not identical, they are not patentably distinct from each other because the resulting obvious combination of the teachings does not set forth an independent and distinct invention.

Claim 122 ('840) differs from Claim 34 ('207) in that it recites that the processor, "...receive(s) a selection of a subject of goods or services from a customer utilizing the web page." Claim 34 ('207) does not specifically teach the use of a web page to affect the selection of a subject of goods or services, but rather a computer system to facilitate transactions.

Art Unit: 2166

However, in the ONSALE article, customers access the ONSALE web page using a web browser pointing to <http://www.onsale.com> (see Page 1, Summary paragraph). It would have been obvious to one of ordinary skill in the art to employ the web page recited in the ONSALE article to effect the selection of items to which the conditional purchase offer is directed in the '207 patent. The purchasing environment is the same in both cases. That is, the consumer is offering to purchase a subject of goods or services over the Internet. Those skilled in the art would be motivated to employ the most widespread system of e-commerce (web page) as the method of selecting goods and services for convenience and speed sakes and to attract the largest number of buyers and sellers possible. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to employ the use of the web page as the selection method.

Claim 122 ('840) further differs from Claim 34 ('207) since it recites, "...receive a conditional purchase offer from a customer utilizing said web page for purchasing goods or services, said conditional purchase offer specifying at least one condition of the conditional offer and an offer price." Claim 34 ('207) differs in that it recites that the program receives a conditional purchase offer which includes an offer price, but does not specifically recite that one condition other than the offer price is also received. In the ONSALE article, however, the purchase offer includes the offer price as well as other conditions of the offer such as quantity (see Page 2, Paragraph 2). In a Dutch Auction, for example, a "lot" of items is for sale, and the bidder must specify the quantity of items they wish to purchase. One skilled in the art would be motivated to employ this quantity as shown in the ONSALE article with the conditional purchase offer of the '207 patent to lend clarity and flexibility to the conditional purchase offers for

Art Unit: 2166

selection of goods and services. Other conditions such as bid expiration time and further conditions that properly restrict the agreement would also be warranted. Therefore, it would have been obvious to one skilled in the art to combine another condition, such as quantity, specified in the ONSALE article with the conditional purchase offer of the '207 patent.

Claim 122 ('840) recites an additional elements not found in the '207 patent. Specifically, the conditional purchase offer is compared with seller inventory and pricing information to determine if said conditional purchase offer is acceptable, and if the conditional purchase offer is acceptable, provide an acceptance to said customer in response to the conditional purchase offer. In order to effect the bid/offer methodology, there is inherently a step in the process whereby a bid (i.e., conditional purchase offer) is evaluated to determine if it is acceptable to the seller in terms of price, quantity, and other stipulations or conditions. The examiner respectfully asserts that accepting purchase offers and providing acceptance notification to the buyer is well known in the art and takes Official Notice as such. An obvious example is in auction houses where the winning bidder is given the nod, or on-line where customers are notified by email regarding the status of their bids. Those skilled in the art would be motivated to compare the conditional purchase offer with inventory levels and pricing information to make sure that there is enough inventory on-hand to meet the demand of any conditional transaction. They would be further motivated to provide acceptance to the buyer in response to an acceptable purchase offer to close the loop with regard to the transaction and to ensure that they can deliver what is sought for purchase. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to employ this type of comparison and acceptance notification in the '207 patent.

Art Unit: 2166

Claim 122 ('840) recites, "...charge said financial account for payment of said goods or services..." with regard to how the transaction is completed. Claim 34 ('207) recites that a request for authorization to use the payment identifier to provide a payment is sent to the buyer if an acceptance is received from the seller and that authorization from the buyer in response to this request is received by the program. While Claim 34 does not specifically state that this is the payment mechanism, the examiner respectfully asserts that these operations are inherently synonymous and are therefore not independent and distinct from one another, and takes Official Notice as such.

For the above reasons, Claim 122 is rejected.

Claim 123 ('840) recites a system wherein the conditional purchase offer includes an expiration date. Claim 42 ('207) teaches a system in which the conditional purchase order includes an expiration date and is non-revocable prior to the expiration date. All conditional purchase orders with an expiration date include the subset of all conditional purchase orders with an expiration date and non-revocability prior to the expiration date. The examiner respectfully asserts that it would have been obvious to one skilled in the art to broaden the type of conditional purchase orders offered to the seller and takes Official Notice as such. One skilled in the art would be motivated to employ and accept these wider-reaching conditional purchase offers with expiration dates in order to solicit as many offers as possible and to more ably match potential buyers with sellers. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to include conditional purchase offers with expiration dates in the '207 invention.

As described above with regard to Claim 122 ('840), Claim 125 ('840) recites the system in which customers access the web page using a web browser. The system taught in the '207 patent does not explicitly teach the use of a web page to affect the selection of a subject of goods, in the ONSALE article, customers access the ONSALE web page with a web browser (see Page 1, Summary paragraph). One skilled in the art would be motivated to access the web page in this manner as nearly all Internet service providers and web portals, both public and private, utilize web browser software programs to navigate and communicate with the internetwork of computers. Using a web browser would facilitate orders with relation to convenience and speed and avail the system to the largest number of buyers and sellers possible. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to employ web browser software programs of the ONSALE article in the '207 patent.

Claim 124 in the instant invention (i.e., the '840 application) is rejected under the judicially created doctrine of obviousness-type double patenting as being unpatentable over Claim 42 of U.S. Patent No. 5,794,207 and in view of the prior art shown in the ONSALE article and in the attached copy of "Auctions and Bidding," from *Journal of Economic Literature*, June 1987, by R. Preston McAfee and John McMillan. Although the conflicting claims are not identical, they are not patentably distinct from each other because the resulting obvious combination of the teachings does not set forth an independent and distinct invention.

Claim 124 ('840) recites the system in which seller inventory and pricing information includes seller-defined rules. While the systems taught in the '207 patent nor the ONSALE article do not explicitly state that seller inventory and pricing information includes seller-defined

Art Unit: 2166

rules, one would be motivated to include seller-defined rules, auction formats are the most basic form of seller-defined rules. Further, in the "Auctions and Bidding" article, theory of bidding mechanisms are discussed with particular attention to sellers specifying rules, including, but not limited to, the exclusion of certain non-credit worthy buyers based upon past payment history, the inclusion of seller-defined expiration dates or times for offers, and the establishment of "reserve prices." Those skilled in the art, including sellers and brokers, would be motivated to incorporate any or all of these rules and others in the '207 system to ensure prompt and full payment for goods and services purchased. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to combine and include seller-defined rules such as reserve prices as conditions of acceptance of the purchase offer in the '207 system.

Claims 126 and 127 in the instant invention (i.e., the '840 application) are rejected under the judicially created doctrine of obviousness-type double patenting as being unpatentable over Claims 34 and 37 of U.S. Patent No. 5,794,207 and in view of the prior art shown in the attached copy of "ONSALE Brings Thrill of Auctions and Bargain Hunting Online; Unique Internet Retail Service Debuts with Week-Long Charity Auction for the Computer Museum in Boston," from Business Wire, May 24, 1995. Dialog File 810. Acc#0489267 and in the attached copy of "Guaranteed Forms of Payment" from *Credit Control*, November 1992, by Michael Burton. Although the conflicting claims are not identical, they are not patentably distinct from each other because the resulting obvious combination of the teachings does not set forth an independent and distinct invention.

Art Unit: 2166

Claim 126 ('840) recites the system of Claim 122 ('840) wherein the financial account is a debit account. While Claim 34 ('207) does not specifically recite the use of debit financial accounts with which to settle transactions, the "Guaranteed Forms of Payment" article discusses payment forms that reduce the risk of non-payment. These include payment form a direct debit account (see Page 1, Paragraph 1). Those skilled in the art would both be motivated to use debit accounts to reconcile billings to afford as much flexibility for buyers as possible in settling accounts and to provide a means for ensuring payment. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to employ the debit accounts disclosed in the "Guaranteed Forms of Payment" article in the financial accounts disclosed in the '207 patent.

Claim 127 ('840) recites the system of Claim 122 ('840) wherein the financial account is a credit account. Claim 37 ('207) recites the system of Claim 34 ('207) and further limits Claim 34 ('207) by specifying that the financial account to be used is a credit card account. As discussed above, although Claim 122 ('840) and Claim 34 ('207) are not identical, they are not patentably distinct from each other because the resulting obvious combination of the teachings does not set forth an independent and distinct invention. Therefore, the further limitation placed on Claim 122 ('840) by Claim 127 ('840) is not patentably distinct from that placed on Claim 34 ('207) by Claim 37 ('207).

Claim 128 and 129 in the instant invention (i.e., the '840 application) are rejected under the judicially created doctrine of obviousness-type double patenting as being unpatentable over Claim 34 of U.S. Patent No. 5,794,207 and in view of the prior art shown in the ONSALE article. Although the conflicting claims are not identical, they are not patentably distinct from each other because the resulting obvious combination of the teachings does not set forth an independent and distinct invention.

Claims 128 and 129 ('840) recite that the processor in the system of Claim 122 ('840) is set to pre-authorize the offer price of the conditional purchase offer with a financial clearing house and the payment for said goods or services is guaranteed. While Claim 34 ('207) does not explicitly recite offer prices that are pre-authorized with a financial clearinghouse or are guaranteed, potential buyers are required to register an account with the "auction company" and post a credit card account number with which to make payments for items purchased (see Page 2, Paragraphs 4 and 6). These accounts are then checked to establish credit (and therefore, bid) limits. Credit card issuers charge sellers a predetermined interchange fee and establish and track the credit line of the buyers, while making payments to merchants. The examiner asserts that it is well known in the art that other bid environments pre-authorize and guarantee payment of buyers' bids, and takes Official Notice as such. For example, the Depository Trust Company (DTC) has long been the clearinghouse for securities trading activity. The DTC and other clearinghouses guarantee payment of the credit-based purchases and provide payments to the sellers. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to utilize a financial clearinghouse to pre-authorize and guarantee conditional purchase offers in the '207 patent.

Claim 130 in the instant invention (i.e., the '840 application) is rejected under the judicially created doctrine of obviousness-type double patenting as being unpatentable over Claim 39 of U.S. Patent No. 5,794,207 and in view of the prior art shown in the ONSALE article. Although the conflicting claims are not identical, they are not patentably distinct from each other because the resulting obvious combination of the teachings does not set forth an independent and distinct invention.

Claim 130 ('840) teaches that the payment to said seller of goods or services is provided with funds charged to the financial account of the buyer. Claim 39 ('207) teaches that payment for goods or services is transferred from the buyer to the seller. While Claim 39 ('207) does not explicitly state that the payment to the seller is made from funds of the buyer's financial account, the ONSALE article describes a payment system whereby, in order to place a bid on an item, customers complete a registration form on their computer. The form features standard credit information such as name, address, and credit card number, that is, a financial account (see Page 2, Paragraph 3) which is used as a payment identifier for use in providing payment for the item(s) if the offer is accepted. Customers are notified by email regarding the status of their bid(s), and the winning bid is charged directly by the merchant (seller) to the financial (credit card) account of the bidder. Those of skill in the art are motivated to employ the payment system of the ONSALE article in the '207 invention to facilitate transactions and to ensure timely and effective settlement of accounts. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to combine and employ the payment system of the ONSALE article in the '207 patent.

Claim 131 in the instant invention (i.e., the '840 application) is rejected under the judicially created doctrine of obviousness-type double patenting as being unpatentable over Claim 34 of U.S. Patent No. 5,794,207 and in view of the prior art shown in the ONSALE article and further in view of Mandler in United States Patent Number 5,732,400. Although the conflicting claims are not identical, they are not patentably distinct from each other because the resulting obvious combination of the teachings does not set forth an independent and distinct invention.

Claim 131 ('840) differs from Claim 34 ('207) in that Claim 34 ('207) does not specifically recite the calculation of a discounted value of the offer price, the charging of the buyer's financial account for the offer price, and the payment to the seller of a percentage of the offer price. However, the ONSALE article discussed offers backed by the good standing of the credit accounts used to reconcile the billings. The ONSALE article does not explicitly disclose the use of the computer program to calculate a discounted value of the offer price. However, it is well-known in the art that credit card issuers charge an interchange rate that effectively reduces the final payment to the merchant by a predetermined discount level, thereby making the offer price a *discounted* offer. Additionally, Mandler teaches a system for on-line transactions that utilizes a financial clearinghouse to establish payments from buyers to sellers who have no previous relationship or credit history (see Column 3, lines 31-47). Mandler calculates a discount fee based upon a credit evaluation of the buyer, charges the buyer for the offer price, and provides payment to the seller of the discounted offer price (see Claim 1). Those skilled in the art would be motivated to employ the transaction scenario taught by Mandler in the ONLINE system to facilitate orderly exchanges and to guarantee prompt and efficient payments to the

Art Unit: 2166

sellers. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to combine and employ the discount payment system of Mandler in the '207 patent.

5. Those dependent claims not specifically described above are rejected on similar grounds by nature of their dependency.

6. Claim 135 in the instant invention (i.e., the '840 application) is rejected under the judicially created doctrine of obviousness-type double patenting as being unpatentable over Claim 23 of U.S. Patent No. 5,794,207 (i.e., the '207 patent) and in view of the prior art shown in the attached "ONSALE," article from *Business Wire*, May 24, 1995. Dialog File 810. Acc#0489267. Although the conflicting claims are not identical, they are not patentably distinct from each other because the resulting obvious combination of the teachings does not set forth an independent and distinct invention.

Claim 135 in the instant application ('840) is a method claim with similar limitations as the system recited in Claim number 122 of the instant application. Claim 135 ('840) differs from Claim 23 ('207) in that it recites that the processor, "...receive(s) a selection of a subject of goods or services from a customer utilizing the web page." The method recited in Claim 23 ('207) does not specifically teach the use of a web page to affect the selection of a subject of goods or services, but rather a method of inputting information into the computer apparatus to facilitate transactions. However, in the ONSALE article, customers access the ONSALE web page using a web browser pointing to <http://www.onsale.com> (see Page 1, Summary paragraph).

Art Unit: 2166

It would have been obvious to one of ordinary skill in the art to employ the web page recited in the ONSALE article to affect the selection of items to which the conditional purchase offer is directed in the '207 patent. The purchasing environment is the same in both cases. That is, the consumer is offering to purchase a subject of goods or services over the Internet. Those skilled in the art would be motivated to employ the most widespread system of e-commerce (web page) as the method of selecting goods and services for convenience and speed sakes and to attract the largest number of buyers and sellers possible. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to employ the use of the web page as the selection method.

Claim 135 ('840) further differs from Claim 23 ('207) since it recites, "...receive a conditional purchase offer from a customer utilizing said web page for purchasing goods or services, said conditional purchase offer specifying at least one condition of the conditional offer and an offer price." Claim 23 ('207) differs in that it recites that the conditional purchase offer which includes an offer price is input into the computer, but does not specifically recite that one condition other than the offer price is also received. In the ONSALE article, however, the purchase offer includes the offer price as well as other conditions of the offer such as quantity (see Page 2, Paragraph 2). In a Dutch Auction, for example, a "lot" of items is for sale, and the bidder must specify the quantity of items they wish to purchase. One skilled in the art would be motivated to employ this quantity as shown in the ONSALE article with the conditional purchase offer of the '207 patent to lend clarity and flexibility to the conditional purchase offers for selection of goods and services. Other condition such as bid expiration time and further conditions that properly restrict the agreement would also be warranted. Therefore, it would

Art Unit: 2166

have been obvious to one skilled in the art to combine the other condition, such as quantity, specified in the ONSALE article with the conditional purchase offer of the '207 patent.

Claim 135 ('840) recites an additional elements not found in the '207 patent.

Specifically, the conditional purchase offer is compared with seller inventory and pricing information to determine if said conditional purchase offer is acceptable, and if the conditional purchase offer is acceptable, provide an acceptance to said customer in response to the conditional purchase offer. In order to effect the bid/offer methodology, there is inherently a step in the process whereby a bid (i.e., conditional purchase offer) is evaluated to determine if it is acceptable to the seller in terms of price, quantity, and other stipulations or conditions. The examiner respectfully asserts that accepting purchase offers and providing acceptance notification to the buyer is well known in the art and takes Official Notice as such. An obvious example is in auction houses where the winning bidder is given the nod, or on-line where customers are notified by email regarding the status of their bids. Those skilled in the art would be motivated to compare the conditional purchase offer with inventory levels and pricing information to make sure that there is enough inventory on-hand to meet the demand of any conditional transaction. They would be further motivated to provide acceptance to the buyer in response to an acceptable purchase offer to close the loop with regard to the transaction and to ensure that they can deliver what is sought for purchase. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to employ this type of comparison and acceptance notification in the '207 patent.

Claim 135 ('840) recites, "...charging said financial account for payment of said goods or services..." with regard to how the transaction is completed. The remainder of the limitation placed upon the invention by Claim 135 ('840) is recited in Claim 24 ('207) which recites that a payment to the selected seller by using the payment identifier..." is made from the lot of acceptances. While Claim 24 does not specifically state that this is the payment mechanism, the examiner respectfully asserts that these operations are inherently synonymous and are therefore not independent and distinct from one another, and takes Official Notice as such.

For the above reasons, Claim 135 is rejected.

7. Claim 148 in the instant invention (i.e., the '840 application) is rejected under the judicially created doctrine of obviousness-type double patenting as being unpatentable over Claim 34 of U.S. Patent No. 5,794,207 (i.e., the '207 patent) and in view of the prior art shown in the attached "ONSALE," article. Although the conflicting claims are not identical, they are not patentably distinct from each other because the resulting obvious combination of the teachings does not set forth an independent and distinct invention.

Claim 148 in the instant application ('840) is a method claim with similar limitations as the system recited in Claim number 122 of the instant application. Claim 148 ('840) differs from Claim 34 ('207) in that it recites that the processor, "...receive(s) a selection of a subject of goods or services from a customer utilizing the web page." The method recited in Claim 34 ('207) does not specifically teach the use of a web page to affect the selection of a subject of goods or services, but rather a method of inputting information into the computer apparatus to facilitate transactions. However, in the ONSALE article, customers access the ONSALE web

Art Unit: 2166

page using a web browser pointing to <http://www.onsale.com> (see Page 1, Summary paragraph).

It would have been obvious to one of ordinary skill in the art to employ the web page recited in the ONSALE article to affect the selection of items to which the conditional purchase offer is directed in the '207 patent. The purchasing environment is the same in both cases. That is, the consumer is offering to purchase a subject of goods or services over the Internet. Those skilled in the art would be motivated to employ the most widespread system of e-commerce (web page) as the method of selecting goods and services for convenience and speed sakes and to attract the largest number of buyers and sellers possible. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to employ the use of the web page as the selection method.

Claim 148 ('840) further differs from Claim 34 ('207) since it recites, "...receive a conditional purchase offer from a customer utilizing said web page for purchasing goods or services, said conditional purchase offer specifying at least one condition of the conditional offer and an offer price." Claim 34 ('207) differs in that it recites that the conditional purchase offer which includes an offer price is input into the computer, but does not specifically recite that one condition other than the offer price is also received. In the ONSALE article, however, the purchase offer includes the offer price as well as other conditions of the offer such as quantity (see Page 2, Paragraph 2). In a Dutch Auction, for example, a "lot" of items is for sale, and the bidder must specify the quantity of items they wish to purchase. One skilled in the art would be motivated to employ this quantity as shown in the ONSALE article with the conditional purchase offer of the '207 patent to lend clarity and flexibility to the conditional purchase offers for selection of goods and services. Other condition such as bid expiration time and further

Art Unit: 2166

conditions that properly restrict the agreement would also be warranted. Therefore, it would have been obvious to one skilled in the art to combine the other condition, such as quantity, specified in the ONSALE article with the conditional purchase offer of the '207 patent.

Claim 148 ('840) recites an additional elements not found in the '207 patent.

Specifically, the conditional purchase offer is completed using at least one electronic form and then compared with seller inventory and pricing information to determine if said conditional purchase offer is acceptable, and if the conditional purchase offer is acceptable, provide an acceptance to said customer in response to the conditional purchase offer. In the ONSALE article, the prospective bidder completes an electronic form to effect their bid (see Page 2, Paragraph 4). In order to effect the bid/offer methodology, there is inherently a step in the process whereby a bid (i.e., conditional purchase offer) is evaluated to determine if it is acceptable to the seller in terms of price, quantity, and other stipulations or conditions. The examiner respectfully asserts that accepting purchase offers and providing acceptance notification to the buyer is well known in the art and takes Official Notice as such. An obvious example is in auction houses where the winning bidder is given the nod, or on-line where customers are notified by email regarding the status of their bids. Those skilled in the art would be motivated to compare the conditional purchase offer with inventory levels and pricing information to make sure that there is enough inventory on-hand to meet the demand of any conditional transaction. They would be further motivated to provide acceptance to the buyer in response to an acceptable purchase offer to close the loop with regard to the transaction and to ensure that they can deliver what is sought for purchase. Therefore, it would have been obvious

Art Unit: 2166

to one having ordinary skill in the art, at the time the invention was made, to employ this type of comparison and acceptance notification in the '207 patent.

Claim 148 ('840) recites, "...charging said financial account for payment of said goods or services..." with regard to how the transaction is completed. The remainder of the limitation placed upon the invention by Claim 148 ('840) is recited in Claim 34 ('207) which recites that a payment to the selected seller by using the payment identifier..." is made from the lot of acceptances. While Claim 24 does not specifically state that this is the payment mechanism, the examiner respectfully asserts that these operations are inherently synonymous and are therefore not independent and distinct from one another, and takes Official Notice as such.

For the above reasons, Claim 148 is rejected.

8. Claim 149 in the instant invention (i.e., the '840 application) is rejected under the judicially created doctrine of obviousness-type double patenting as being unpatentable over Claim 23 of U.S. Patent No. 5,794,207 (i.e., the '207 patent) and in view of the prior art shown in the attached "ONSALE," article. Although the conflicting claims are not identical, they are not patentably distinct from each other because the resulting obvious combination of the teachings does not set forth an independent and distinct invention.

Claim 149 in the instant application (09,058,840) is a method claim with similar limitations as the system recited in Claim number 148 of the instant application. Claim 149 ('840) differs from Claim 23 ('207) in that it recites the receipt of a conditional purchase offer created by the customer by filling out an electronic form. The method recited in Claim 23 ('207) does not specifically teach the use of a web page to affect the selection of a subject of goods or

Art Unit: 2166

services, but rather a method of inputting information into the computer apparatus to facilitate transactions. However, in the ONSALE article, customers access the ONSALE web page using a web browser pointing to <http://www.onsale.com> (see Page 1, Summary paragraph) and complete an electronic form to begin the bidding process. It would have been obvious to one of ordinary skill in the art to employ the web page recited in the ONSALE article to affect the selection of items to which the conditional purchase offer is directed in the '207 patent. The purchasing environment is the same in both cases. That is, the consumer is offering to purchase a subject of goods or services over the Internet. Those skilled in the art would be motivated to employ the most widespread system of e-commerce (web page) as the method of selecting goods and services for convenience and speed sake and to attract the largest number of buyers and sellers possible. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to employ the use of the web page as the selection method.

Claim 149 ('840) further differs from Claim 23 ('207) since it recites, "...receive a conditional purchase offer from a customer utilizing said web page for purchasing goods or services, said conditional purchase offer specifying at least one condition of the conditional offer and an offer price." Claim 23 ('207) differs in that it recites that the conditional purchase offer which includes an offer price is input into the computer, but does not specifically recite that one condition other than the offer price is also received. In the ONSALE article, however, the purchase offer includes the offer price as well as other conditions of the offer such as quantity (see Page 2, Paragraph 2). In a Dutch Auction, for example, a "lot" of items is for sale, and the bidder must specify the quantity of items they wish to purchase. One skilled in the art would be motivated to employ this quantity as shown in the ONSALE article with the conditional purchase

Art Unit: 2166

offer of the '207 patent to lend clarity and flexibility to the conditional purchase offers for selection of goods and services. Other condition such as bid expiration time and further conditions that properly restrict the agreement would also be warranted. Therefore, it would be obvious to one skilled in the art to combine the other condition, such as quantity, specified in the ONSALE article with the conditional purchase offer of the '207 patent.

Claim 149 ('840) recites an additional elements not found in the '207 patent. Specifically, the conditional purchase offer is compared with seller inventory and pricing information to determine if said conditional purchase offer is acceptable, and if the conditional purchase offer is acceptable, provide an acceptance to said customer in response to the conditional purchase offer. In order to effect the bid/offer methodology, there is inherently a step in the process whereby a bid (i.e., conditional purchase offer) is evaluated to determine if it is acceptable to the seller in terms of price, quantity, and other stipulations or conditions. The examiner respectfully asserts that accepting purchase offers and providing acceptance notification to the buyer is well known in the art and takes Official Notice as such. An obvious example is in auction houses where the winning bidder is given the nod, or on-line where customers are notified by email regarding the status of their bids. Those skilled in the art would be motivated to compare the conditional purchase offer with inventory levels and pricing information to make sure that there is enough inventory on-hand to meet the demand of any conditional transaction. They would be further motivated to provide acceptance to the buyer in response to an acceptable purchase offer to close the loop with regard to the transaction and to ensure that they can deliver what is sought for purchase. Therefore, it would have been obvious

Art Unit: 2166

to one having ordinary skill in the art, at the time the invention was made, to employ this type of comparison and acceptance notification in the '207 patent.

Claim 149 ('840) recites, "...charging said financial account for payment of said goods or services..." with regard to how the transaction is completed. The remainder of the limitation placed upon the invention by Claim 149 ('840) is recited in Claim 24 ('207) which recites that a payment to the selected seller by using the payment identifier..." is made from the lot of acceptances. While Claim 24 does not specifically state that this is the payment mechanism, the examiner respectfully asserts that these operations are inherently synonymous and are therefore not independent and distinct from one another, and takes Official Notice as such.

For the above reasons, Claim 149 is rejected.

9. Those dependent claims not specifically described above are rejected on similar grounds by nature of their dependency.

Claim Rejections - 35 USC § 102

10. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent.

11. Claims 122, 125, 127, 130, 135, 155, and 160 are rejected under 35 U.S.C. 102(b) as being anticipated by prior art shown in the attached copy of “ONSALE Brings Thrill of Auctions and Bargain Hunting Online; Unique Internet Retail Service Debuts with Week-Long Charity Auction for The Computer Museum in Boston,” from *Business Wire*, May 24, 1995. Dialog File 810. Acc#0489267.

With regard to Claims 122, 127, and 130, the *Business Wire* article details the launch of the ONSALE retail service whereby consumers access the onsale.com Internet web page, make their selection of a particular item on which to bid, and submit an offer utilizing the web page. Onsale.com uses a web server (i.e., computer storing a program with a processor in communication with a storage device and computer program) to provide access to their home page to customers through the Internet. Customers' bids constitute their purchase offers to buy at a specified price. These bids (i.e., purchase offers) comprise a selection of a subject of goods or services. The purchase offer includes the offer price as well as other conditions of the offer such as quantity (see Page 2, Paragraph 2). In a Dutch Auction, for example, a “lot” of items is for sale, and the bidder must specify the quantity of items they wish to purchase. In order to

Art Unit: 2166

place a bid on an item, customers complete a registration form on their computer. The form features standard credit information such as name, address, and credit card number (see Page 2, Paragraph 3) which is used as a payment identifiers for use in providing payment for the item(s) if the offer is accepted. For example, offers are accepted when the bid price meets or exceeds any stipulated reserve price set by the seller or any quantity set in a Dutch Auction. In order to affect this methodology, inherent in the onsale.com method is a comparison of offered (bid) prices to minimum acceptable (reserve) prices. Customers are notified by email regarding the status of their bid(s), and the winning bid is charged directly by the merchant to the financial (credit card) account of the bidder and payment is provided to the seller. As such, Claims 122, 127, and 130 are rejected.

With regard to Claim 125, customers access the ONSALE web page using a web browser pointing to <http://www.onsale.com> (see Page 1, Summary paragraph). Therefore, Claim 125 is rejected.

Claim 135 is a “method” claim that parallels the limitations as set forth in the system claim recited in Claim 122 above. As such, Claim 135 is rejected for similar reasons as Claim 122.

Art Unit: 2166

With regard to Claim 155, the ONSALE article teaches a system wherein prospective buyers submit purchase offers with financial accounts to back up the tendered bids. These buyers make binding offers and effect an enforceable contract such as when the person(s) to whom the offer is made accepts it and communicates their acceptance. By participating in the auction, the buyer inherently agrees to the offers being binding. As such, Claim 155 is rejected.

Claim 160 recites parallel limitations as Claim 127 as described above and is rejected on similar grounds.

12. Claims 122, 125, 127, 130, 135, 136, 139, 148, 149, 155, and 158 are rejected under 35 U.S.C. 102(e) as being anticipated by Brown in United States Patent Number 5,794,219 (hereafter "Brown").

With regard to Claim 122, Brown teaches a method for conducting an on-line auction. The customer establishes an account with the on-line auction company by providing their name, a financial account number, and the type of financial account used to support the extension of credit. The customer, that is the prospective buyer, using an Internet browser, sends a graphical picture and description of their selection of goods to be purchased to the on-line auction company (see Column 6, line 19 and Column 6, line 56, also, see Figure 5). That is, the customer accesses a web page proffered by the merchant computer system (i.e., with a storage device storing a program and a processor in communication with said storage device).

The offer to buy, that is the conditional purchase offer, is made when the customer enters a bid through the web page. The customer's willingness to buy at their stated (bid) price, is the purchase offer. With regard to the purchase offer specifying at least one condition, this bid also may include a bid designation as another condition (see Column 6, line 34). The examiner asserts that it is well known in the art that sellers in an auction environment are permitted to set minimum offer amounts (e.g., a "reserve price"), and takes Official Notice as such. As long as the buyer or buyer group meets this minimum amount, since their financial account(s) is pre-qualified, the seller agrees to accept their purchase offer. This acceptance is acknowledged when the winning bid owner is displayed on the remote computers (see Column 8, line 42). The financial account of the owner(s) of the highest bid is then charged (see Column 8, line 53). The funds are then transferred to the account company (see Column 8, line 57), and the seller is paid from these funds. As such, Claim 122 is rejected.

With regard to Claim 125, the customer accesses the web page using a web browser (see Column 6, line 19 and Column 6, line 56, also, see Figure 5) as described above. Claim 125 is rejected.

With regard to Claim 127, the financial account charged for the transaction is a credit card account (see Column 5, lines 42-45) as described above. Claim 127 is rejected.

With regard to Claim 130, the payment to the seller is provided with funds charged to the specified financial account (see Column 8, line 53). Claim 130 is rejected.

Art Unit: 2166

Claim 135 is a “method” claim with parallel limitations as set forth in the system claim recited in Claim 122. As such, Claim 135 is rejected for similar reasons as Claim 122 above.

With regard to Claim 136, Brown teaches a method of conducting an on-line auction whereby an account company, rather than the seller, charges the winning buyer(s) account(s) with the bid amount (see Column 8, lines 48-55). Claim 136 is rejected.

Claim 139 specifies parallel limitations as set forth in Claim 125. As such, Claim 139 is rejected for similar reasons as Claim 125 above.

With regard to Claim 155, Brown teaches a system wherein prospective buyers submit purchase offers with financial accounts to back up the tendered bids. These buyers make binding offers and effect an enforceable contract such as when the person(s) to whom the offer is made accepts it and communicates their acceptance. By participating in the auction, the buyer inherently agrees to the offers being binding. As such, Claim 155 is rejected.

With regard to Claims 148, 149, and 158, Brown teaches a system whereby potential buyers view an on-line auction template (see Column 5, lines 14-21). When potential buyers wish to submit a purchase offer, they enter their specific bid information on a bid entry form and transmit the electronic form to the computer system to submit their offer (see Column 6, lines 25-40). Claims 148, 149, and 158 are rejected.

Claim Rejections - 35 USC § 103

13. The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

14. Claims 123, 128, 129, 136, 137, 139, 141, 142, 143, 145, 147, 148, 149, 150, 152, 156, and 158 are rejected under 35 U.S.C. 103(a) as being unpatentable over prior art shown in the attached copy of “ONSALE...” from *Business Wire*, May 24, 1995. Dialog File 810. Acc#0489267 as applied to Claim 122 above.

With regard to Claim 123, the ONSALE article teaches proxy bid offers to ensure that buyers do not overbid on an item (see Page 2, Paragraph 4) as an example of bidder safeguards in place. While the ONSALE article does not specifically state that the bid offers include an expiration date, the examiner asserts that it is well-known in the art for bid offers to include an expiration date or time, and takes Official Notice as such. For example, it is common in stock purchase acquisition arrangements, such as when Northrop offered to buy Grumman in 1994, to specify a bid price and a bid expiration date and time. One skilled in the art, including buyers and sellers, would be motivated to establish an expiration date or time in order to protect the bidder from unacceptable financial exposure. A customer offering to purchase an item would be motivated to include an expiration date for their offer as they manage their resources in the marketplace. In attempting to secure a product or service, a customer often must offer to purchase from a plurality of suppliers. The buyer is motivated to confirm acceptance of one of their offers prior to any expiration time or date imposed by the seller that considers offers “last.” For example, if a customer is seeking to purchase one product from the pool of a plurality of

sources, they would be motivated to commit the necessary funds to one transaction channel rather than have an exposed position with multiple channels. The customer is motivated to know that one supplier will provide the good or service by accepting the purchase offer. To ensure their desired outcome, the purchaser will specify an expiration time for the first offer in order to ensure that they are able to secure the second supplier if the first supplier declines the purchase offer. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to include an expiration date as a condition of the purchase offer in the ONSALE system described in the prior art. Claim 123 is rejected.

With regard to Claims 128 and 129, the ONSALE article discussed offers backed by the good standing of the credit accounts used to reconcile the billings. While the ONSALE article does not explicitly disclose offer prices that are pre-authorized with a financial clearinghouse, potential buyers are required to register an account with the “auction company” and post a credit card account number with which to make payments for items purchased (see Page 2, Paragraphs 4 and 6). These accounts are then checked to establish credit (and therefore, bid) limits. Credit card issuers charge sellers a predetermined interchange fee and establish and track the credit line of the buyers, while making payments to merchants. The examiner asserts that it is well known in the art that other bid environments pre-authorize and guarantee payment of buyers’ bids, and takes Official Notice as such. For example, the Depository Trust Company (DTC) has long been the clearinghouse for securities trading activity. The DTC and other clearinghouses guarantee payment of the credit-based purchases and provide payments to the sellers. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to

Art Unit: 2166

utilize a financial clearinghouse to pre-authorize and guarantee conditional purchase offers in the ONSALE environment. Claims 128 and 129 are rejected.

With regard to Claim 136, the ONSALE article discloses that its merchants charge the customer, ship the item, and perform the normal customer service relating to the item. While the ONSALE article does not explicitly state that the transaction is charged by an entity other than the seller, the examiner asserts that it would have been obvious for auction companies, auctioneers, and others that conduct auctions to charge a buyer account for payment of goods or services and to provide payment to the seller. Then, the entity conducting the auction would collect the payment, ship the merchandise, pay the seller, and otherwise act as a broker for the buyer and seller to come together in the marketplace. Those skilled in the art would be motivated to employ this transaction method to accommodate buyers and sellers that wish to remain anonymous, to each other or to the general public, and for those buyers and sellers who do not wish to handle the “mechanics” of the transaction such as the paperwork, shipping, et cetera. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to utilize an entity other than the seller to charge the buyer financial account in the ONSALE system. As such, Claim 136 is rejected.

Claim 137 specifies the parallel limitation with regard to an expiration date as Claim 123 above. As such, Claim 137 is rejected on similar grounds.

Art Unit: 2166

Claim 139 specifies the parallel limitation with regard to a web browser as Claim 125 above. As such, Claim 139 is rejected for similar reasons.

Claim 141 recites parallel limitations with regard to a credit account as Claim 127 above. As such, Claim 141 is rejected for similar reasons.

With regard to Claim 142, the ONSALE article teaches a system whereby bid offers from registered buyers to sellers are made, and the sellers ship the merchandise to the buyers. While the ONSALE doesn't explicitly state that unknown sellers participate in their forum, the examiner respectfully asserts that it is well-known in the art for anonymous sellers to participate in buyer-driven purchases such as auctions and takes Official Notice as such. Examples of these types of buyer-driven purchases include virtually all of the secondary market sales of securities, auctions of art objects, and a limited number of infomercial sales directed to post office boxes rather than storefronts. Those skilled in the art, including sellers of these types of goods and services, would be motivated to remain anonymous for a variety of reasons: in the case of securities sales, to facilitate expeditious trades, in the case of an expensive art auctions, to avoid publicity or tax consequences, or in the case of infomercial sales, to avoid unsatisfied buyers in the case of possibly substandard quality products. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to provide for anonymous sellers in the ONSALE system and to conduct the settlement of accounts through a third party source such as the auction house itself, or a web-based payment network. Claim 142 is rejected.

Art Unit: 2166

Claim 143 specifies the parallel limitation with regard to an expiration date as Claim 123 above. As such, Claim 143 is rejected for similar reasons.

Claim 145 specifies the parallel limitation with regard to a web browser as Claim 125 above. As such, Claim 145 is rejected for similar reasons.

With regard to Claims 147, 148, 149, and 158, the ONSALE article teaches a system whereby potential buyers click a button on their computer to view ONSALE's inventory by price, type of goods, or selling format (see Page 2, Paragraph 2). The ONSALE article teaches that, before making an order or placing a bid on an item, customers must first fill out a simple registration form on their computer screen (see Page 2, Paragraph 4) which includes credit card account information. While the article does not explicitly state that customers complete electronic forms to proffer their bids, the examiner asserts that it is well-known in the art for on-line buyers to submit their purchase offers in this manner, and takes Official Notice as such. An example of this type of bid entry is cited in the Brown patent above. One skilled in the art would be motivated to submit and receive orders in this fashion as a means of verifying the merchandise description, re-confirming the offer price, and otherwise ensuring that the intended bid information is directed to the intended product or service. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to incorporate an electronic form for use to submit bids in the ONSALE system. As such, Claims 147, 148, 149, and 158 are rejected.

Art Unit: 2166

Claim 150 specifies the parallel limitation with regard to an expiration date as Claim 123 above. As such, Claim 150 is rejected on similar grounds.

With regard to Claim 152, customers access the ONSALE web page using a web browser pointing to <http://www.onsale.com> (see Page 1, Summary paragraph). Claim 152 is rejected.

Claim 156 specifies the parallel limitation with regard to an expiration date as Claim 123 above. As such, Claim 156 is rejected for similar reasons.

Art Unit: 2166

15. Claims 124, 138, 144, 151, and 157 are rejected under 35 U.S.C. 103(a) as being unpatentable over prior art shown in the attached copy of "ONSALE..." from *Business Wire*, May 24, 1995. Dialog File 810. Acc#0489267 as applied to claim 122 above, and further in view of prior art shown in the attached copy of "Auctions and Bidding" from *Journal of Economic Literature*, June 1987, by R. Preston McAfee and John McMillan.

With regard to Claims 124, 138, 144, 151, and 157, the ONSALE article describes different types of auctions held on line. Standard auction, Dutch auction, and markdown (i.e., reverse auction) formats are discussed (see Page 2, Paragraph 3). The ONSALE article does not specifically state that the seller inventory and pricing information includes seller-defined rules, but auction formats are the most basic form of seller-defined rules. Further, in the "Auctions and Bidding" article, theory of bidding mechanisms are discussed with particular attention to sellers specifying rules, including, but are not limited to, the exclusion of certain non-credit worthy buyers based upon past payment history, the inclusion of seller-defined expiration dates or times for offers, and the establishment of "reserve prices." Those skilled in the art, including sellers and brokers, would be motivated to incorporate any or all of these rules and others in the ONSALE system to ensure prompt and full payment for goods and services purchased. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to include seller-defined rules such as reserve prices as conditions of acceptance of the purchase offer in the ONSALE system described in the prior art. Claim 124 is rejected.

Claims 138, 144, 151, and 157 disclose parallel limitations with regard to seller-defined rules as Claim 124 above. As such, Claims 138, 144, 151, and 157 are rejected for similar reasons.

16. Claims 126, 140, 146, 153, 154, and 159 are rejected under 35 U.S.C. 103(a) as being unpatentable over prior art shown in the attached copy of "ONSALE..." from *Business Wire*, May 24, 1995. Dialog File 810. Acc#0489267 as applied to claim 122 above, and further in view of prior art shown in the attached copy of "Guaranteed Forms of Payment" from *Credit Control*, November 1992, by Michael Burton.

With regard to Claim 126, the ONSALE article recites the establishment of a buyer account by registering and providing a credit card number with which to pay for accepted bids (see Page 2, Paragraph 4). While the ONSALE article does not specifically state that the financial account charged for the purchase of goods or services is a debit account, the "Guaranteed Forms of Payment" article discusses payment forms that reduce the risk of non-payment. These include payment from a direct debit account (see Page 1, Paragraph 1). Further, both buyers and sellers would both be motivated to use debit accounts to reconcile billings to afford as much flexibility for buyers as possible in settling accounts and to provide a means for ensuring payment. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to employ the debit accounts disclosed in the "Guaranteed Forms of Payment" article in the ONSALE system. Claim 126 is rejected.

Claims 140, 146, 153, 154, and 159 disclose the same limitation with regard to debit accounts as Claim 126 above. As such, Claims 140, 146, 153, and 159 are rejected on the same grounds.

With regard to Claim 154, the ONSALE article described above discloses the establishment of a buyer account by registering and providing a credit card number with which to pay for accepted bids (see Page 2, Paragraph 4). Claim 154 is rejected.

17. Claims 131 and 134 are rejected under 35 U.S.C. 103(a) as being unpatentable over prior art described in the ONSALE article as applied to Claim 122 above, and further in view of Mandler et al. in United States Patent Number 5,732,400 (hereafter, "Mandler").

With regard to Claim 131, the ONSALE article discussed offers backed by the good standing of the credit accounts used to reconcile the billings. The ONSALE article does not explicitly disclose the use of the computer program to calculate a discounted value of the offer price. However, it is well-known in the art that credit card issuers charge an interchange rate that effectively reduces the final payment to the merchant by a predetermined discount level, thereby making the offer price a *discounted* offer. Additionally, Mandler teaches a system for on-line transactions that utilizes a financial clearinghouse to establish payments from buyers to sellers who have no previous relationship or credit history (see Column 3, lines 31-47). Mandler calculates a discount fee based upon a credit evaluation of the buyer, charges the buyer for the offer price, and provides payment to the seller of the discounted offer price (see Claim 1). Those skilled in the art would be motivated to employ the transaction scenario taught by Mandler in the

Art Unit: 2166

ONLINE system to facilitate orderly exchanges and to guarantee prompt and efficient payments to the sellers. Claim 131 is rejected.

Additionally, with regard to Claim 134, Mandler utilizes the clearinghouse system to effect buyers paying an agreed-to amount for their purchases and the sellers accepting a discounted amount for the settlement of the sale. There is no disclosure of this settlement price to the buyer. The only price, or cost information, they receive is the purchase price they agreed to pay. Discounted payments to the sellers are not made known to the buyer. This type of system is well known within the art. For example, credit card purchasers are not privileged to the interchange rate credit card companies charge vendors. These discounted exchanges are commonplace. One skilled in the art would be motivated to employ this “non-divulged” discount payment scenario as illustrated by Mandler in the ONSALE system to minimize the likelihood of sales between the buyer and seller without the mediation of the clearinghouse or credit card company. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to accept the conditional purchase offer as illustrated by Mandler without indication of amounts paid to the seller. Claim 134 is rejected.

Art Unit: 2166

18. Claims 132 -133 are rejected under 35 U.S.C. 103(a) as being unpatentable over the prior art disclosed in the ONSALE article as applied to Claim 122 above, and further in view of Egendorf in United States Patent Number 5,794,221 (hereafter, "Egendorf").

With regard to Claims 132 and 133, the ONSALE article teaches a bid-ask system that registers potential buyers through entry of nominal credit information such as customers' names, addresses, and credit card numbers (see Page 2, Paragraph 4). The article does not explicitly disclose that the ONSALE system authenticates the bid prior to consideration and posting, but it is well-known in the art to complete this additional step of financial account, and specifically, credit card account, verification and authorization prior to accepting the offer and posting the charges. Further, Egendorf discloses an Internet billing method that incorporates the authentication of a purchase offer through a third party, including a credit card company (see Column 5, lines 36-39 and also Column 5, line 66 to Column 6, line 13) prior to consideration of the offer and completion of the transaction. One skilled in the art would be motivated to employ this authentication and acceptance of financial account information to minimize unauthorized charges due to exceeding credit limits, fraudulent charges, and similar problems associated with credit accounts. Therefore, it would have been obvious to one having ordinary skill in the art, at the time the invention was made, to incorporate the verification step of Egendorf in the ONSALE system. Claims 132 and 133 are rejected.

Prior Art

19. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

a. United States Patent Number 4,677,552, "International Commodity Trade Exchange," by H. C. Sibley, Jr. A computerized bid-ask interchange whereby bids and offers to purchase commodities over a distributed network with a plurality of potential buyers and sellers is taught.

b. United States Patent Number 5,826,244, "Method and System for Providing A Document Service Over a Computer Network Using an Automated Brokered Auction," by Bernardo A. Huberman. A method and system to facilitate automated brokered auctioning of services is taught.

c. "Dutch Auction," [definition only]
Internet web site wysiwyg://537/http://pages.ebay.com/help/basics/g-dutch-auction.html

d. "Binding Bids," [definition only]
Internet web site wysiwyg://298/http://pages.ebay.com/help/community/png-user.html

e. Harris, Roy J., Jr. "Northrop Offers to Sweeten Bid For Grumman--Increase Depends on Revision of Auction, But Target Isn't Planning Changes," *Wall Street Journal*. March 31, 1994. p. A3. A discussion of tender offers, bids, and acceptance of conditional purchase offers is shown.

f. "Reserve Price Auction," [definition only]

Internet web site wysiwyg://595/http://pages.ebay.com/help/basics/g-reserve-auction.html

g. "First Data Brings Secure Payment Processing to the Internet." *Information Today*. February 1995.

h. Sandberg, Jared. "VeriFone Expected to Announce System for Purchasing Goods On the Internet," *Wall Street Journal*. September 11, 1995. p. B8.

i. Bowers, Richard. "VeriFone's Automated Transaction For Internet," *Newsbytes News Network*. September 15, 1995. p. 1.

j. Wagner, Mitch. "Credit-Card Authorization Set for 'Net," *Computerworld*. May 13, 1996. p. 6.

k. Sandberg, Jared. "Entrepreneur Brings Auctions On-Line in New Bid at Success," *Wall Street Journal*. July 19, 1996. p. B1.

Art Unit: 2166

Information Regarding Communication With the PTO

20. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Joe Parisi whose telephone number is 703-308-7808. The examiner can normally be reached on Monday through Thursday from 7am to 5pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Mr. Tariq Hafiz, can be reached on (703) 305-9643. The fax phone number for the organization where this application or proceeding is assigned is 703-308-9051.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-305-5140.

Joe Parisi



October 10, 2000



ERIC W. STAMBER
PRIMARY EXAMINER